2025

TSRS COMPLIANT

SUSTAINABILITY REPORT

TEB ARVAL
BNP PARIBAS ORTAKLIĞI

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SECTION 1

ABOUT THE REPORT

ABOUT THE REPORT

This report contains consolidated climate-related data within TEB Arval's business model and value chain.

1.1. Purpose and Scope

The climate-related disclosures included in this report have been prepared for TEB Arval Araç Filo Kiralama A.Ş. (referred to in this report as "TEB Arval" or "the Company") and are presented in accordance with the Türkiye Sustainability Reporting Standards (TSRS) published by the Public Oversight, Accounting, and Auditing Standards Authority (KGK).

TEB Arval has prepared its first TSRS-compliant sustainability report for the fiscal year January 1, 2025 - December 31, 2025, in accordance with the requirements of TSRS 1 and TSRS 2.

TEB Arval is subject to capital markets legislation due to the debt instruments it has issued without a public offering under the regulations of the Capital Markets Board (CMB).

The information included in the report contains climate-related consolidated data covering TEB Arval's operations and relevant elements of its value chain. The disclosures have been prepared in accordance with the transition exemptions described in the "Transition Exemptions" section, including the exemption applicable to Scope 3 greenhouse gas emissions.

1.2. Reporting Standards and Compliance

Developed based on IFRS S1 and IFRS S2, published by the International Sustainability Standards Board (ISSB), the TSRS has introduced mandatory disclosure requirements in Türkiye regarding sustainability and climate-related matters effective January 1, 2024.

TEB Arval's 2025 TSRS-Compliant Sustainability Report has been prepared in accordance with the compliance requirements based on the "TSRS 1 - General Provisions on the Disclosure of Sustainability-Related Financial Information" and "TSRS 2 - Climate-Related Disclosures" standards. The report provides information under four main headings— "Governance," "Strategy," "Risk Management," and "Metrics and Targets"—in accordance with the standards established by the KGK. During the preparation of the report, the principles of fair presentation, comparability, verifiability, timeliness, and understandability were applied in accordance with TSRS 1.

The report includes explanations regarding the sector-specific guide **'Volume 64: Car Rental & Leasing'**, which is part of the Guidance on the Sector-Based Application of TSRS 2 derived from the Sustainability Accounting Standards Board (SASB) Standards.

1.3. Transition Exemptions

This report avails itself of the transition exemptions provided for in items E3, E4, E5, and E6(a) of TSRS 1 and item C3 of TSRS 2.

TSRS 1 E3, TSRS 1 E6(a), and TSRS 2 C3: The report includes only information for the current reporting period; comparative information for prior periods is not provided.

TSRS 1 E4: The TSRS-Compliant Sustainability Report is published after the financial statements for the period January 1, 2025 - December 31, 2025 are released.

TSRS 1 E5: Information is disclosed only regarding climate-related risks and opportunities. Additionally, under the Board Decision on the Scope of Application of TSRS - Transitional Provision 3, the disclosure of Scope 3 emissions is not mandatory for the first two annual reporting periods in which the Standard is applied. In accordance with the Board Decision, Scope 3 indirect greenhouse gas emissions for the year 2025 are not presented in this report.

1.4. Information Related to Financial Statements

The 2025 TSRS-Compliant Sustainability Report covers the financial reporting process for the fiscal year from January 1 to December 31, 2025, and should be reviewed in conjunction with TEB Arval's financial statements. To ensure consistency between the sustainability-related data in the report and the information in the financial statements, the same accounting policies, methods, and estimates have been applied, and the Turkish lira (TL) has been used as the presentation currency.

1.5. Materiality Assessment

In accordance with TEB Arval's strategic planning processes, when determining the materiality threshold used to assess climate-related risks and opportunities, a financial threshold is applied based on the potential financial impact of such risks on the Company's cash flows, access to financing, or cost of capital. The financial materiality threshold has been set at 2% of the Company's revenue.

1.6. Reporting Scope and Measurement Approach

Since the Company has no subsidiaries or affiliates, the reporting scope consists of the head office and related operational processes under its financial control.

1.7. Assumptions and Measurement Uncertainties

Various assumptions, estimates, and methodological approaches are used in the process of preparing climate-related disclosures. The assumptions and estimates used in this context may involve certain measurement uncertainties depending on factors such as data access, data quality, choice of methodology, and measurement methods. The magnitude of financial impacts related to risk is derived using forward-looking climate scenario analysis methods. Given the inherent uncertainty associated with future regulatory and market conditions, the impacts were reported as a scenario-based sensitivity range rather than as a single-point estimate. The scenarios were aligned with the International Energy Agency's Net Zero Emissions by 2050 Scenario (NZE), Stated Policies Scenario (STEPS) and Current Policies Scenario (CPS). The primary sources of forecast uncertainty include the rate of decline in the share of new registrations of internal combustion engine vehicles, the Turkey-EU demand adjustment coefficient, the flexibility of residual value (RV) loss in the secondary market, TL/USD exchange rate volatility, and unit economic parameters currently represented by estimated values. The methodological assumptions are as follows: demand trajectories are based on ACEA registration series and IEA and T&E projections; the Turkey adjustment is based on ODMD and ACEA's actual market share data for 2023-2025; the real weighted average cost of capital (WACC) is used as the discount rate; revenue is assessed in line with the Company's own projections; it is assumed that the existing internal combustion engine portfolio will be phased out at maturity without replacement; and the materiality threshold is defined as 2% of revenue in accordance with the Company's internal policy.

1.8. Audit

The sustainability-related disclosures have been subject to a limited assurance engagement by DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş. (Deloitte) in accordance with GDS 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and GDS 3410 "Assurance Engagements on Greenhouse Gas Statements." The limited assurance report is included in the "Appendices" section of the report.

SECTION 2

ABOUT TEB ARVAL

ABOUT TEB ARVAL

Combining the global expertise of Arval, a subsidiary of BNP Paribas, with the local strength of TEB, TEB Arval positions itself as a reliable business partner in the mobility transformation of organizations.

2.1. About TEB Arval

TEB Arval was established in 2007 through a partnership between TEB Holding and Arval Service Lease A.S., a subsidiary of BNP Paribas (referred to in this report as "Arval" or "the Group"). Combining the global expertise of Arval, a subsidiary of BNP Paribas, with TEB's local strength, TEB Arval positions itself as a reliable business partner in corporate mobility transformation.

The company is a 50-50 joint venture between TEB Holding A.Ş. and Arval. TEB Holding A.Ş. was established on December 10, 1980, under the name İlkesan Investment and Development Corporation. In 2005, 50% of the company's shares were transferred from the Çolakoğlu Group to BNP Paribas. Arval, established in 1989, is an operational leasing company operating in the mobility solutions sector. It continues its operations under the BNP Paribas umbrella.

TEB Arval Partnership Structure

TEB Arval provides operational leasing and fleet management solutions to organizations and manages all processes related to its customers' vehicle fleets and sustainable mobility needs from start to finish. It offers services such as vehicle procurement, fleet management, administrative and tax processes, as well as maintenance, repairs, and accident management throughout the contract period—through an integrated service model. TEB Arval provides operational leasing and fleet management services with a fleet of over 18,000 operationally leased vehicles, total assets of TL 33 billion, and a customer portfolio of over 1,000 clients.

TEB Arval views mobility not merely as a transportation need, but as a key component of organizations' transformation journeys. The company has built its business model on a holistic mobility approach that goes beyond vehicle leasing—one that is centered on sustainability, data-driven, and powered by digital solutions. By combining global expertise with local know-how, TEB Arval aims to contribute to the transition towards sustainable mobility.

2.2. BUSINESS MODEL AND VALUE CHAIN

UPSTREAM VALUE CHAIN

Vehicle and Component Supply

- Manufacturing and supply of vehicles, batteries and tyres
- Supply of raw materials and components used in vehicle and battery manufacturing
- Supply of spare parts and tyres used in vehicle maintenance and repair

Vehicle Logistics

- Transportation of spare parts and finished vehicles
- Delivery logistics for vehicles to distribution centers and customers

Supplier and Service Network

- Vehicle manufacturers, battery manufacturers and component suppliers

Energy and Charging Infrastructure

- Charging network and mobility energy service providers

Government Agencies, Regulators, and Credit Rating Agencies

- Ministries, the Capital Markets Board (CMB), Public Oversight, Accounting and Auditing Standards Authority (KGK),
- the Money Laundering and Terrorist Financing Investigation Board (MASAK), and Credit Rating Agencies

OWN OPERATIONS

Leasing and Fleet Management

- Vehicle procurement and order management
- Long-term vehicle leasing
- Fleet and asset management
- Contract management and customer relationship management
- Management of vehicles allocated to employees

Service Coordination

- Coordination of maintenance, tyre, fuel management and replacement vehicle services
- Management of service packages provided under leasing and fleet management contracts

Insurance and Claims Management

- Insurance service coordination
- Claims and risk management

Digital Services

- Telematics and connected vehicle services
- Fleet data, reporting and digital platform management

Customer and Driver Support

- Customer support services during the leasing period
- Driver assistance and operational support services

Re-Lease

- End-of-contract vehicle return and resale management
- Used vehicle sales channel management

DOWNSTREAM VALUE CHAIN

Vehicle Use

- Customer use of leased vehicles
- Driving, charging, refueling and maintenance practices
- Use of electric, hybrid and internal combustion vehicles during the leasing period

Maintenance and Repair Network

- Maintenance and repair services during the leasing period
- Garage and service provider operations
- SMART repair and body repair services

Vehicle Lifecycle

- Returned vehicle storage
- Vehicle inspection, repair, cleaning and reconditioning

Vehicle Logistics

- Transportation of reconditioned vehicles to sales sites or next users

Used Vehicle Market

- Resale of used vehicles to drivers, dealers and professional buyers
- Used vehicle sales through online platforms and resale channels

End-of-Life Management

- End-of-life vehicle, tyre and material management
- Dismantling, reuse, recycling and disposal-related processes

OUR MISSION

Improving people's lives through personalized and sustainable journeys.

SECTION 3

GOVERNANCE

GOVERNANCE

At TEB Arval, sustainability governance is addressed in accordance with the Sustainability Governance Charter established within the Arval BNP Paribas Group.

At TEB Arval, sustainability governance is addressed in accordance with the Sustainability Governance Framework established within the Arval BNP Paribas Group. Environmental, social, and governance issues are evaluated in line with the policies, strategies, and reporting principles defined at the Group level. This approach ensures that sustainability-related responsibilities are addressed within the senior management structure.

Across the Arval Group, sustainability and climate-related risks and opportunities are assessed within the Group's existing governance and decision-making mechanisms. These matters are addressed under the oversight of the Board of Directors and monitored through structures responsible for operations, finance, risk, internal control, and sustainability. This Group-level structure enables the integration of sustainability issues into strategic decision-making processes.

Sustainability governance also covers the subsidiaries and affiliates consolidated within Arval. In this context, sustainability and climate-related risks and opportunities are assessed across the Group, taking the scope of consolidation into account. The scope of reporting is determined in alignment with the Group's financial consolidation structure, and this approach supports the consistent definition of the scope and boundaries of sustainability information.

The monitoring and management of sustainability issues across the Group are carried out through various committees. The Executive Committee monitors sustainability performance and related indicators and ensures the integration of these issues into management processes. The Sustainability Steering Committee is responsible for tracking sustainability performance and coordinating cross-functional sustainability projects. The Internal Control, Risk, and Credit committees, meanwhile, incorporate environmental, social, and governance (ESG) factors into relevant processes while assessing operational, financial, and counterparty risks. TEB Arval is part of this governance framework as a component of the Arval Group's consolidated structure.

Sustainability issues are addressed within the Company's corporate governance structure. These issues are evaluated under the general oversight of the Board of Directors and supported by processes managed by senior management. Relevant committees and functions contribute to aligning sustainability and climate-related matters with the Company's operations.

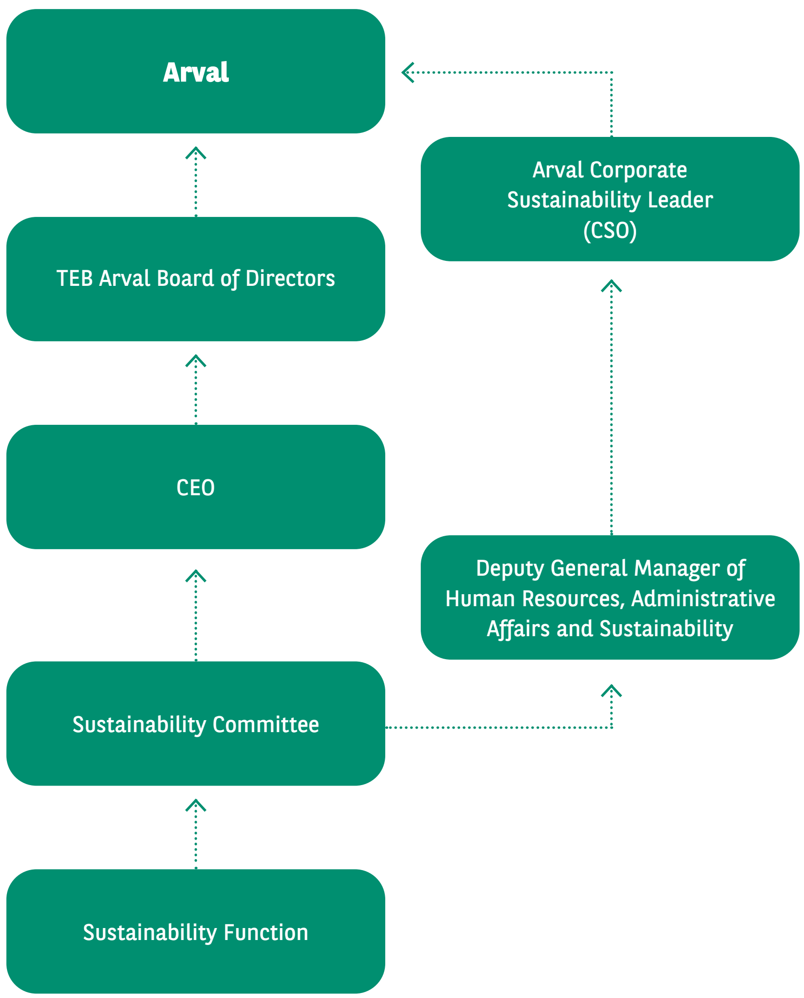
TEB ARVAL IS PART OF THIS GOVERNANCE FRAMEWORK AS A COMPONENT OF THE ARVAL GROUP'S CONSOLIDATED STRUCTURE.

SUSTAINABILITY ISSUES ARE ADDRESSED WITHIN THE SCOPE OF THE COMPANY'S CORPORATE GOVERNANCE STRUCTURE.

In this context, the roles and responsibilities of the committees within Arval Group's sustainability governance structure are summarized below:

- **Arval Board of Directors:** Oversees climate risks strategically; approves the sustainability report based on a materiality analysis.
- **Arval Executive Committee:** Serves as Arval Group's highest steering body, setting orientations for the management of Arval's activities and validating and monitoring the progress of indicators related to the company's sustainability impacts and opportunities.
- **Arval Sustainability Steering Committee:** Monitors sustainability performance and activity indicators, including the Sustainability Performance Dashboard, and coordinates cross-functional projects on sustainability topics, such as the decarbonization of the vehicle leasing business. Decisions and recommendations are submitted to the Executive Committee and, where necessary, to the Board of Directors.
- **Arval Internal Control Committee:** Monitors the operational risk landscape on a consolidated basis; alerts senior management to system weaknesses.
- **Arval Risk Committee:** Monitors credit risk, used-vehicle residual value risk, and market risk; conducts ESG profile assessment projects.
- **Arval Credit Committee:** Manages credit and counterparty risk within the framework of sector-specific policies and advanced ESG assessment procedures.
- **Arval CSRD (Corporate Sustainability Reporting Directive) Committee**: Validates methodology and publication developments through materiality analysis.

TEB ARVAL SUSTAINABILITY GOVERNANCE STRUCTURE



GOVERNANCE

3.1. Arval Corporate Sustainability Officer (CSO)

The CSO contributes to the development of Arval's sustainability strategy together with the Executive Committee at the corporate level, while the implementation of the strategy is carried out by relevant functions and local entities. In this capacity, the CSO supports the monitoring of environmental and social topics, tracks sustainability targets and performance, and coordinates ESG reporting processes at the corporate level. The development of sustainability governance at both the corporate and country levels is carried out with the support of Arval's Corporate Sustainability Manager. TEB Arval's local Sustainability Function and relevant committees are responsible for coordinating the integration and operational follow-up of sustainability-related matters within the Company. The CSO provides corporate-level guidance and supports alignment with Arval Group's sustainability strategy, while implementation is carried out by local functions and business units within their respective responsibilities.

3.2. TEB Arval Board of Directors

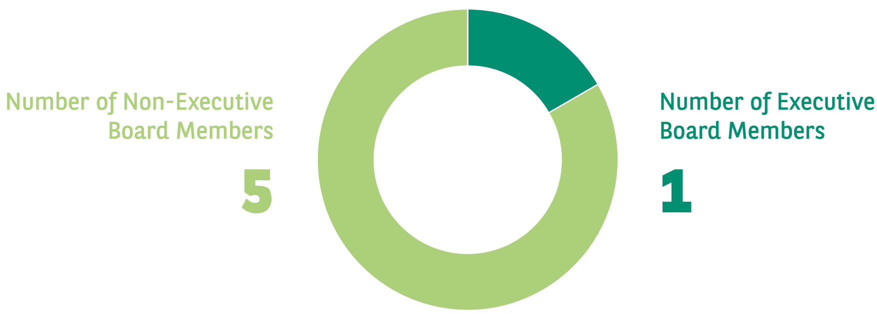
The TEB Arval Board of Directors is the highest decision-making and supervisory body within the Company's corporate governance structure.

The Board of Directors is responsible for determining the Company's strategic direction, approving the business plan and budget, overseeing risk management and internal control systems, and monitoring financial reporting processes. It also ensures that the Company's operations are conducted in compliance with applicable laws and regulations, as well as the Group policies and standards to which TEB Arval is subject. In this context, it oversees the development of the Company's overall strategy regarding sustainability and climate-related issues, as well as risk management, performance evaluation processes, and other related practices.

Members of the TEB Arval Board of Directors

Member	Duty
Tero Aatos Alexander TAPALA	Chairman of the Board
Metin TOĞAY	Vice Chairman of the Board
Ali Fatih DEYNEK	Board Member and General Manager
Berna TOKYAY	Board Member
Gregoire Andre François BOSCHER	Board Member
Tolga GÜRDEM	Board Member

Number of Board Members



TEB ARVAL BOARD OF DIRECTORS IS THE HIGHEST DECISION-MAKING AND SUPERVISORY BODY WITHIN THE COMPANY'S CORPORATE GOVERNANCE STRUCTURE.

The extensive international experience Tero Tapala has gained through his roles as Managing Director and Board Member in various countries and companies makes a significant contribution to his work on the Board of Directors of TEB Arval Vehicle Fleet Leasing Inc. Having held senior leadership roles across diverse markets—including Germany, Austria, Brazil, India, Türkiye, Greece, Morocco, and Portugal—within the Arval Group, Tapala possesses deep expertise in operational leasing and fleet management.

Metin Toğay brings a wealth of knowledge to the Board of Directors with over 40 years of experience in the international banking sector and across various countries. His extensive experience in banking, financial services, risk management, and corporate governance provides valuable contributions to defining the company's strategic goals and supporting its vision for sustainable growth.

Ali Fatih Deynek adds value to the Board of Directors' work through his extensive professional experience, strong leadership skills, industry expertise, and ability to contribute to strategic decision-making processes. He plays a key role in the implementation of corporate governance principles and in supporting the company's long-term goals.

Berna Tokyay supports the Board of Directors in evaluating financial reporting and strategic investment decisions through her comprehensive knowledge and experience in International Financial Reporting Standards (IFRS), Turkish Accounting Standards (TMS), corporate mergers and acquisitions (M&A), and due diligence processes.

Grégoire Bosher contributes to improving financial performance by combining his experience in transformation and change management projects with a data-driven management approach. He supports strategic decision-making processes through statistical analyses and data-driven methodologies.

Tolga Gürdem contributes to the Board of Directors' effective assessment and management of financial risks through his expertise and experience in liquidity management, balance sheet management, Fund Transfer Pricing (FTP), and financial markets.

Board members possess the knowledge, experience, and expertise necessary to evaluate and guide TEB Arvals strategic decisions regarding sustainability and climate-related issues, based on their expertise in banking, risk management, corporate governance and sustainable finance.

3.3. Audit Committee

The Audit Committee operates under the Board of Directors and fulfills its oversight role regarding the Company's financial reporting processes, internal control structure, and risk management practices. Within the scope of the Committee, financial risks, the funding structure, bank deposits, monitoring of open positions, and customer performance analyses are regularly evaluated.

In addition, general updates are provided regarding operational and compliance risks, and findings from Group audits are monitored. Based on these assessments, the Audit Committee presents its views and recommendations to the Board of Directors, thereby contributing to the decision-making process. The Audit Committee meets twice a year.

3.4. Senior Management

TEB Arval's senior management is responsible for ensuring that the Company's operations are conducted in an effective, controlled, and sustainable manner in accordance with the strategies, policies, and objectives established by the Board of Directors. In this context, senior management monitors the Company's operational performance, ensures the efficient use of resources, and coordinates the implementation of initiatives aligned with strategic objectives.

Sustainability and climate-related issues are also addressed within the scope of senior management's responsibilities and are managed in conjunction with the Company's operations. The General Manager is responsible for overseeing sustainability matters at the senior management level in accordance with the strategy and objectives.

GOVERNANCE

3.5. Sustainability Committee

The Sustainability Committee is positioned as a structure within TEB Arval where sustainability issues are addressed at the senior management level and operate under the leadership of the General Manager.

The Sustainability Committee is responsible, on behalf of the General Manager, for the development, implementation, monitoring, and updating of the sustainability policy, strategy, and roadmap. The Committee oversees the execution of projects aligned with the Company's sustainability strategy. It ensures that data management processes related to relevant performance indicators are tracked by the TEB Arval Sustainability Function. Additionally, it monitors progress toward the objectives and targets set in line with the strategy. The Committee reports to Senior Management three times a year and to the Board of Directors twice a year. The Committee convened three times in 2025.

TEB Arval Sustainability Committee Members
General Manager (Committee Chair)
Human Resources, Facility & Sustainability Director (Committee Secretary)
Commercial Director
Finance Director
Chief Operations Officer
Procurement & Remarketing Director
Head of Financial Controlling, Asset Valuation and Pricing
Head of Credit Risk
Head of Product and Marketing

The Sustainability Committee ensures the implementation and monitoring of the sustainability policy, strategy, and roadmap.

The Committee ensures that the Company's sustainability policy, strategy, and roadmap are communicated to Company executives, relevant departments, employees, and, where necessary, external stakeholders. It coordinates efforts across the organization, departments, and business units to ensure the implementation of decisions made in sustainability. It also coordinates the processes for identifying environmental, social, and governance risks and opportunities and supports the integration of these elements into the Company's risk management mechanisms.

The Sustainability Committee ensures the establishment of necessary mechanisms and the development of procedures to ensure that the Company's sustainability-related risks and opportunities are considered in project planning and investment processes. It also oversees the execution of sustainability reporting and disclosure processes by the Sustainability Function. It supports the preparation and publication of the Company's sustainability reports and statements in a manner consistent with current standards, local and international regulations, and global expectations.

The Committee monitors the traceability and accuracy of reported data, coordinates verification and assurance processes, and tracks national and international developments within the sustainability reporting ecosystem. In this context, it supports meeting the expectations of stakeholders, including regulatory bodies, legislators, investors, and rating agencies. Additionally, it evaluates complaints, feedback, suggestions, and expectations regarding sustainability performance and, when necessary, brings them to the attention of the General Manager and the Human Resources, Facility and Sustainability Director.

3.6. Human Resources, Facility and Sustainability Director

The role of the Human Resources, Facility and Sustainability Director involves the development, implementation, and management of TEB Arval's ESG initiatives, which are carried out in alignment with Arval's global sustainability goals. In this context, the role is responsible for closely monitoring sustainability trends, assessing emerging risks, and ensuring compliance with applicable sustainability-related regulatory requirements. Additionally, the role involves collaborating with various functions to strengthen corporate social responsibility, environmental management and ethical governance thereby contributing to the enhancement of long-term business value.

The sustainability-related expertise within this role is further supported by the Human ResourcesFacility and Sustainability Director's participation in the Cambridge Institute for Sustainability Leadership (CISL) programme, which contributes to strengthening sustainability knowledge and governance capacity within TEB Arval.

Since this position is a member of the Executive Management team, sustainability issues are discussed weekly on the Executive Management agenda and integrated into strategic decision-making processes.

GOVERNANCE

TEB Arval Sustainability Function ensures and facilitates the sustainability roadmap and related performance indicators are in line with the company's business priorities and local market practices.

3.7. Sustainability Function

TEB Arval Sustainability Function ensures that the sustainability strategy and associated performance indicators are defined in alignment with senior management. It coordinates the implementation of the strategy and supports the monitoring and reporting of performance. It also contributes to the establishment and implementation of sustainability governance. In this context, it provides support for budgeting, prioritization, and evaluation mechanisms.

The function ensures the integration of the sustainability approach to business processes and supports impact-driven transformation. It also contributes to the development of corporate expertise on critical environmental, social, and governance issues. It supports sustainability transformation through communication, training, and knowledge-sharing activities. In this process, it collaborates with the Human Resources and Corporate Communications functions.

The Sustainability Function engages in dialogue with internal and external stakeholders across the value chain. It provides expert insights as a reference point on sustainability issues. It contributes to relevant methodological work for assessing environmental impacts, in line with its role and responsibilities. Additionally, it defines business requirements related to the collection, management, and reporting of ESG data in coordination with relevant business units, Finance, Information Technology, and data management functions.

The function coordinates reporting processes in collaboration with relevant functions within the scope of applicable legislation and reporting obligations. It serves as the primary point of contact with the BNP Paribas Group and relevant Group functions to ensure necessary coordination. It works with Finance, Risk, and Control functions to adapt and implement policies, standards, and control plans published at the Group level in a manner consistent with applicable regulations and Group requirements. When deemed necessary, it provides a sustainability perspective on customer and supplier evaluations, as well as corporate assessments related to new products, processes, and business partnerships. Additionally, it reviews and evaluates non-financial commitments and sustainability proposals developed by the Company and relevant units.

3.8. Compensation and Rewards Policy

TEB Arval implements its compensation and rewards practices in accordance with the principles and frameworks established across the Arval Group. This policy is based on the principles of fair practice, transparency, and risk management in determining the fixed and variable compensation components provided to employees. The compensation structure is designed to avoid incentivizing excessive risk-taking and ensures that employee behavior aligns with ethical standards, compliance requirements, and risk management objectives.

Under this policy, variable compensation practices are addressed in a manner that includes behavioral and qualitative assessments alongside performance outcomes. Employee performance is measured against targets set at the beginning of the year and shared with employees, and the degree to which these targets are met is taken into account in compensation decisions. Additionally, care is taken to ensure that the performance indicators used are based on measurable and concrete criteria and are aligned with the established targets.

In this context, sustainability-related performance targets at the senior management level have also been incorporated into the performance management system. ESG targets applicable to all senior management as of 2025 have been established, and these targets encompass the integration of the sustainability approach into strategy, decision-making processes, and business practices. These targets include the implementation of sustainability commitments across the organization, their integration into the various stages of the employee lifecycle, and the enhancement of awareness and ownership regarding ESG issues.

3.9. Climate-Related Competencies and Capacity-Building Activities

BNP Paribas has established the Sustainability Academy platform to adopt its sustainability strategy and integrate it into all operations. The bank empowers its employees by offering engaging learning opportunities that help them understand and manage risks and opportunities arising from climate change. As part of this effort, it organizes "Climate Fresk" training sessions to raise awareness about climate change issues. In 2025, six members of TEB Arval's Senior Management successfully completed the Climate Fresk training.

It is mandatory for every new employee to complete the Arval ESG Awareness training.

SECTION 4

STRATEGY

STRATEGY

TEB Arval addresses the potential impacts of climate-related risks and opportunities as part of its strategic planning processes.

4.1. Climate-Related Risks and Opportunities

TEB Arval addresses climate-related risks and opportunities under two main headings: physical risks and transition risks. Physical risks encompass the direct impacts of climate change on operations, the supply chain, and assets. These risks are categorized into acute physical risks—which include sudden and severe weather events—and chronic physical risks, which refer to long-term climate impacts. Acute physical risks include extreme weather events, storms, floods, and high temperatures. Chronic physical risks, on the other hand, are associated with long-term temperature increases, rising sea levels, and trends linked to climate stress. Transition risks encompass the impacts arising from the transition to a low-carbon economy. In this context, factors such as carbon pricing, technological transformation, market expectations, and policy/regulatory alignment are taken into account. These risks are assessed under the headings of policy and regulation, market, technology, reputation, and legal risks.

The company evaluates climate-related risks and opportunities, as well as their current or potential impacts on its business model and value chain.

4.1.1. Strategic Time Horizons

TEB Arval considers the potential implications of climate-related risks and opportunities as part of its strategic planning processes. The time frames are defined as follows.

Definitions of Strategic Time Horizons

Time Horizon	Maturity Range
Short Term	0-1 Year
Medium Term	1-5 Years
Long Term	Over 5 Years

The Company takes short-, medium-, and long-term perspectives into account as part of its sustainability strategy and risk management processes.

The short-term timeframe covers one year and critical targets. Short-term objectives are set and monitored in alignment with the Company's annual budget and business plan cycles.

The medium-term timeframe covers a period of one to five years and includes operational priorities aligned with the Company's corporate strategy. This perspective supports timely strategic decision-making, thereby contributing to sustainable growth.

The long-term time frame, on the other hand, covers periods of five years or more. Within this scope, the Company's resilience, particularly against long-term and systemic risks, is evaluated. The long-term approach aims to strengthen the Company's capacity to adapt to changing environmental and economic conditions.

Disposal Risk in Internal Combustion Vehicle Portfolios

Risk Information	Definition of Risk	The Impact of Risk on Cash Flow, Access to Financing, and the Cost of Capital	Actions Taken by TEB Arval and Their Impact on Strategy and Decision-Making Processes
Risk Type: Transition Risk **Risk Description:** Depreciation and Disposal Risk in Internal Combustion Vehicle Portfolios **Risk Horizon:** Medium, Long **Probability of Risk:** High **Potential Impact:** High **Type of Impact:** Expected **Scope of Risk:** Local **Value Chain Affected:** Downstream Value Chain	**Regulation and Market Dynamics** In a low-emission scenario, as sustainable finance and taxonomy practices accelerate, the exclusion of environmentally and socially high emission" assets from financing will become more widespread. **As a result,** market demand and financing appetite for vehicles with lower energy efficiency or higher emissions are expected to weaken, placing sustained downward pressure on the second-hand values of such assets. **Market and Customer Behavior** Customers' shift toward low-carbon solutions and rising expectations for compliance with ESG criteria may lead to a decline in demand for high emission assets**.** This risk arises from the possibility that the existing portfolio of internal combustion engine (ICE) vehicles experiences a structural decline in its second-hand market values and residual values as the transition to low-carbon mobility accelerates, reducing the values realised on disposal at lease end and thereby generating potential losses for the Company as the residual-value risk holder.	As sustainable finance and taxonomy practices become more widespread in the medium term, restrictions on the financing of high-emission[1] vehicles will begin to increase. During this period, as the need for portfolio transformation comes to the fore, partial declines in the secondary market values of such assets and the first increases in portfolio restructuring costs may be observed. The requirement to source low-emission solutions from sustainable financing channels may give rise to additional investment and transaction costs. Over the long term, the full implementation of taxonomy frameworks and sustainable finance standards may structurally restrict access to finance for assets exposed to elevated ESG-related risks. If the transition is not managed effectively, the company may face persistently higher financing costs, reduced access to funding sources, and a gradual erosion of its competitive position. Although this risk is relevant across the sector, entities that lag their peers in managing the transition may experience a greater competitive disadvantage. A sustained increase in the cost of capital could further limit business development opportunities and negatively impact long-term growth prospects. The potential financial effects of this risk were evaluated through scenario analysis under three climate pathways (IEA NZE, STEPS, and CPS) for the period 2026-2050. The analysis indicates that the potential decline in demand for gasoline, diesel, and hybrid vehicles would not exceed the Company's financial materiality threshold under any of the scenarios, considering its impact on new contract margins and margins from used vehicle sales. Although the financial effects of the risk could increase during periods of accelerated transition, they are expected to decline over time as the fleet composition progressively shifts towards electric vehicles. The assessment is inherently subject to uncertainty as it relies on forward-looking assumptions and is sensitive to developments in transition pathways, market demand, residual vehicle values, and macroeconomic conditions. Accordingly, while the risk is not expected to result in a material financial effect as of the reporting period, it remains subject to ongoing monitoring over the medium and long term.	TEB Arval treats fleet transformation as a strategic priority as part of the transition to low-carbon mobility. In line with this, electric vehicles account for 5% of its total fleet. Should demand for high-emission vehicles decline, the company is prepared to expand its capacity for electric and hybrid vehicle leasing, leveraging its operational capabilities and product diversity. **Arval 26 & Beyond** strategy aims to gradually increase the electric vehicle fleet. This transition contributes to reducing environmental impacts and strengthening the long-term business model. Additionally, partnerships are being developed with international financial institutions to support the financial sustainability of the energy transition. Financial resources obtained through the funding agreement with the European Bank for Reconstruction and Development (EBRD) are primarily allocated to the financing of low-emission hybrid and fully electric vehicles with emissions of less than 50 gCO_2/km.

[1]High-emission vehicles refer to vehicles with higher tailpipe CO_2 emissions compared to low-emission vehicle solutions. This term is used in the context of climate-related risk assessment and does not indicate EU Taxonomy alignment.

STRATEGY

Access to Sustainable Funds and Opportunities for International Collaborations

Opportunity Information	Opportunity Description	The Impact of the Opportunity on Cash Flow, Access to Financing, and Cost of Capital	Actions Taken by TEB Arval and Their Impact on Strategy and Decision-Making Processes
Opportunity Description: Access to Sustainable Funds and International Partnerships **Opportunity Horizon:** Long-term **Opportunity Likelihood:** High **Potential Impact:** Very High **Type of Impact:** Expected **Opportunity Scope:** Global **Value Chain Affected:** Own Operations	By establishing partnerships with international development organizations and thematic funds, aligning climate finance initiatives with global best practices, and integrating the technical expertise, low-cost resources, and project development support offered by these organizations into TEB Arval's strategies. This includes improving access to sustainable funding sources and international partnerships that support the financing of low-emission vehicles, particularly battery electric and hybrid vehicles. These opportunities enable TEB Arval to expand its low-carbon mobility solutions, support customers in their fleet transition, and strengthen its leasing offering in line with the transition to more sustainable mobility.	Establishing partnerships with international development organizations and thematic funds facilitates the Company's access to sustainable financing, thereby supporting its ability to secure more cost-effective and long-term funding sources. This development demonstrates that the sustainable finance market is growing rapidly and holds significant funding potential for institutions operating in this field. In this context, access to low-cost, long-term financing sources helps optimize TEB Arval's financing costs while enabling the scaling of sustainable projects. Strengthening compliance with international standards enhances confidence among foreign investors, thereby expanding access to financing. This not only strengthens the Company's position within the sustainable finance ecosystem but also paves the way for new partnerships and funding opportunities.	The company signed a 50 million Euro unsecured and preferential sustainable mobility loan agreement with the European Bank for Reconstruction and Development (EBRD) during the 2025 reporting period. This agreement, a first in Türkiye's operational vehicle leasing sector, will be used to finance a battery-electric vehicle fleet aligned with the EU Taxonomy and Paris Agreement targets. It will also accelerate the decarbonization process and compliance with international standards. The annual Environmental and Social Reporting obligation undertaken as part of the EBRD partnership directly strengthens the sustainability governance structure.

STRATEGY

While assessing transition risks, TEB Arval analyzes the potential impacts of customer portfolio structure, customer segments, access to financing, and residual values.

4.2. Climate Resilience

In assessing the risks and opportunities of the transition, the current regulatory framework, sustainable financing practices, customer expectations, the transformation in vehicle technologies, and market dynamics are taken into account. In this context, the potential impacts on TEB Arval's portfolio structure, customer segments, access to financing, and vehicle residual values are analyzed under low- and high-emission scenarios.

Physical risks are also considered as part of the climate resilience assessment. The potential implications of acute and chronic climate-related hazards, including extreme weather events, floods, hail and heatwaves, for TEB Arval's leased vehicle portfolio, operational continuity, maintenance and repair processes, insurance and claims processes, and vehicle residual values have been reviewed by the relevant teams. In assessing physical climate-related risks, TEB Arval considered that its vehicle fleet is covered by comprehensive insurance policies, including protection against losses arising from natural disasters. As a result, the majority of vehicle damage costs associated with extreme weather events are borne by insurance providers, significantly mitigating the Company's direct financial exposure to such events. In addition, business continuity measures have been established to address potential operational disruptions caused by flooding and other climate-related hazards. These measures include the use of service and maintenance networks in neighbouring provinces where necessary, as well as the provision of prioritized roadside assistance services for affected drivers. While increasing frequency and severity of extreme weather events may exert upward pressure on insurance premiums during annual policy renewals, the Company considers that its existing risk mitigation mechanisms, insurance coverage and operational preparedness substantially reduce the potential financial and operational impacts of physical climate risks. Accordingly, physical climate-related risks were not assessed as having a material impact on TEB Arval's business model, strategy or financial performance during the reporting period.

In the scenario analysis, the assumption is used that the average annual vehicle mileage within the Arval fleet will remain relatively stable during the 2020-2030 period. In the low-emission scenario, the risk of high-emission vehicles being excluded from financing is assessed alongside the acceleration of sustainable finance and taxonomy practices. In the high-emission scenario, despite regulations progressing in a more piecemeal manner, it is projected that financing constraints on high emission assets may persist due to expectations from international fund providers and investors.

As a result of these assessments, the decline in demand for high-emission vehicles, a drop in the resale value of diesel vehicles, increased credit and default risks in customer segments with high ESG risks, and tighter access conditions for sustainable finance are considered among the key transition risks. Conversely, the development of resources for hybrid and electric vehicle financing, the expansion of the low-carbon vehicle portfolio, and the redirection of customer demand toward sustainable mobility solutions are considered key opportunity areas.

TEB Arval monitors transition risks and opportunities within the framework of the Arval 26 & Beyond Strategic Plan and the Decarbonization Plan; it shapes its actions regarding portfolio transformation, access to sustainable financing sources, and the widespread adoption of low-emission vehicle solutions in line with these assessments. The funding agreement with the EBRD for hybrid and electric vehicles is among the key elements of this approach in supporting the transition to low-carbon mobility.

In this context, the Arval 26 & Beyond Strategic Plan and the Decarbonization Plan are treated as fundamental guiding frameworks for mitigating transition risks and evaluating low-carbon mobility opportunities. The portfolio's emissions profile, customers' ESG performance in relation to climate transition and physical risks, the residual values of vehicles, and sustainable financing criteria are regularly monitored; the goal is to reduce exposure to high-emission vehicles and increase the share of low-emission solutions. In this context, a funding agreement with the EBRD has been established for hybrid and electric vehicles. Arval Global's sustainability approach also supports this opportunity area. Under the Arval 26 & Beyond Strategic Plan, Arval Group's goal is to reach 400,000 battery-electric vehicles in the leased fleet by 2026 and to reduce theoretical WLTP exhaust emissions per kilometer per vehicle by 30% compared to January 2020. TEB Arval reflects these global goals in its portfolio transformation and customer solutions, taking into account local market dynamics, customer demand, vehicle availability, charging infrastructure, and financing conditions.

4.3. Climate Strategy and Action Plan for the Future

TEB Arval's climate strategy is aligned with Arval's "Arval 26 & Beyond" strategic approach, which aims to accelerate the transition to sustainable mobility. In this context, the Company prioritizes the widespread adoption of low-carbon mobility solutions, supporting customers' energy transition, strengthening data-driven monitoring and reporting practices, and integrating a sustainability approach into business processes. The climate strategy also supports the development of initiatives that promote safe, responsible, and low-carbon mobility, as well as the monitoring of progress toward sustainability goals in collaboration with relevant stakeholders.

The climate transition plan, which is the operational manifestation of this strategic framework, is being implemented in alignment with the "Arval Beyond" Strategic Plan and Decarbonization Plan launched by Arval in 2020 and extended through 2026. The plan aims to transform the business model from a long-term operational vehicle leasing service into a service provider offering low-carbon, sustainable mobility solutions; it defines climate targets in an integrated manner under economic, environmental, and social pillars.

The transition plan is structured to be fully compliant with international frameworks. Designed in line with the GHG Protocol used as the basis for greenhouse gas emission calculations, EU Commission Regulation No. 2021/2178 governing vehicle leasing activities within the scope of the EU Taxonomy, and Article 12(2) of the Climate Transition Benchmarking Regulation No. 2020/1818 establishing benchmarks aligned with the Paris Agreement, the plan covers the decarbonization elements and related targets approved by the Board of Directors.

SECTION 5

RISK MANAGEMENT

RISK MANAGEMENT

TEB Arval addresses the climate-related risks and opportunities within its existing risk management framework. This framework comprises credit risk, asset risk, compliance/Know Your Customer (KYC), and ESG assessments.

This approach ensures that climate-related risks and opportunities are not treated as a separate and independent issue, but rather as an integrated risk management topic that impacts credit decisions, customer onboarding, vehicle/asset selection, residual value risk, access to sustainable financing, and portfolio transformation.

TEB ARVAL'S RISK MANAGEMENT FRAMEWORK IS STRUCTURED IN ALIGNMENT WITH BNP PARIBAS GROUP AND ARVAL POLICIES, AND CLIMATE-RELATED RISKS ARE ASSESSED BY INTEGRATING THEM INTO THIS FRAMEWORK.

5.1. Integration of Climate-Related Risks and Opportunities into General Risk Management

TEB Arval's risk management framework is structured in alignment with BNP Paribas Group and Arval policies, and climate-related risks are assessed by integrating them into this framework. In identifying risks, external regulatory developments, sustainable finance practices, taxonomy and ESG expectations, customer behavior, the transformation in vehicle technologies, fuel type, vehicle usage profile, and used car market conditions are all considered. For TEB Arval, this process materializes in two main risk channels: the customer's credit and compliance profile, and the asset risk profile of the financed or leased vehicle.

The credit risk process involves customer onboarding, know-your-customer (KYC) controls, ESG assessment, credit rating, credit limit allocation, credit committee decisions, watchlist management, tracking of delinquent receivables, provisioning processes, and periodic reporting mechanisms. Key inputs used in the assessment include financial data, ownership structure, commercial activity documents, tax information, data from reference credit agencies, field visit reports, rating information, and, when necessary, Group or parent company information. Regarding corporate social responsibility (CSR) and ESG-related risks, customers are subject to an initial screening as part of the onboarding and credit processes. Where higher-risk cases are identified, a more detailed ESG review may be conducted by the relevant teams as part of the first line of defense. The Risk function acts as the second line of defense by reviewing and challenging the assessment where applicable. In addition, the ESG Assessment developed by BNP Paribas and currently under implementation within Arval provides a structured overview of corporate clients' ESG profile, including climate and environmental considerations.

In the asset risk process, the vehicle or transaction type is classified between AR_1 and AR_6 using the Asset Risk Rating approach. This classification covers vehicle type, intended use, contract term, mileage, residual value, and model concentration, as well as standard lease and sublease structures, buyback arrangements, car-sharing and subleasing, sale-leaseback, high-value vehicles, alternative-fuel vehicles, light commercial vehicles, and modified vehicles. For high-risk or unsuitable usage areas, verification and escalation mechanisms are applied at the local, regional, or corporate level.

Climate-related transition and physical risks are integrated into this framework for assessment. For example, the transition to low-carbon mobility, demand for high-emission vehicles, vehicle residual value, expectations of international fund providers, and customers' ESG compliance profiles are among the key inputs that can be considered in credit and asset risk assessments. Thus, climate-related risks inform the overall risk management process through their potential impacts on portfolio quality, default risk, asset value, access to financing, and competitive strength.

The Sustainability Dashboard, established within the company to monitor sustainability performance, is updated three times a year and regularly reviewed at Sustainability Committee meetings. Thanks to this structure, performance improvements in the sustainability domain are systematically tracked, and relevant actions are integrated into decision-making processes.

Individual and corporate performance indicators defined in line with ESG targets are also regularly monitored to ensure alignment of sustainability goals with business strategies. In this context, in addition to indicators such as the share of the electric vehicle fleet within the total fleet, paper consumption, the proportion of female employees, and the retread tire usage rate, indicators related to business ethics and compliance—such as adherence to the Code of Conduct and regulations, and the completion status of mandatory training—are also monitored.

These Key Performance Indicators demonstrate performance in the areas of transitioning to low-carbon mobility, resource efficiency, diversity and inclusion, and strong governance practices.

RISK MANAGEMENT

INTEGRATION OF CLIMATE RISKS INTO OVERALL RISK MANAGEMENT

At TEB Arval, climate-related risks are integrated into the overall risk management framework and reflected in credit, asset and portfolio decisions.

1 INPUTS

- External regulatory developments
- Sustainable finance practices
- Taxonomy and ESG expectations
- Customer behaviour
- Shift in vehicle technologies
- Fuel type and vehicle usage profile
- Second-hand market conditions

2 TWO MAIN RISK CHANNELS

Customer credit and compliance profile

- Customer onboarding
- KYC checks
- ESG assessment
- Credit rating and limit allocation
- Credit committee decisions
- Monitoring list and overdue-receivable tracking
- Financial provisioning and periodic reporting

Asset risk profile of the financed / leased vehicle

- Vehicle type and usage purpose
- Contract term and mileage limit
- Projected used vehicle resale and financial-model incorporation
- Standard operational leasing and re-leasing
- Sale to the driver
- Vehicle sharing and sub-leasing
- Sale-and-leaseback transactions and high-residual-value vehiclesAlternative-fuel and light commercial vehicles
- Modified vehicles

3 RISK AND OPPORTUNITY INVENTORY

Systematically created for the first time in 2025, in a workshop format with the participation of the finance, risk, commercial operations and sustainability teams.

- Physical risks
- Transition risks
- Climate-related opportunities

4 ASSESSMENT AND PRIORITISATION

- Likelihood x Impact (5x5 risk matrix)
- Risk score and priority level
- Short-, medium- and long-term assessment
- Portfolio and decision-process integration

Very Low	Low	Medium	High	Very High
0-1	2-6	7-12	13-20	21-25

LOW MEDIUM HIGH

5 MONITORING AND DECISION MECHANISM

- Board of Directors twice a year
- Senior Management weekly
- Sustainability Committee three times a year
- Audit Committee twice a year
- Sustainability Indicator Panel Yıldassessed three times a year and in committee meetings

EFFECTS ON DECISION-MAKING

Portfolio quality | Default risk | Asset value | Access to funding | Competitive strength

OUR FOCUS

To ensure a more resilient and foresighted portfolio management by integrating climate risks into decision-making processes.

5.2. Risk Identification and Assessment Process

For the first time in the 2025 reporting period, TEB Arval has developed a Risk and Opportunity Inventory that systematically identifies, scores, and prioritizes climate-related risks and opportunities. As part of the process to prepare the inventory, an assessment session was held in a workshop format with the participation of representatives from the finance, risk, commercial operations, and sustainability departments. During the workshop, physical risks, transition risks, and climate-related opportunities were addressed from a cross-functional perspective; sectoral trends, regulatory developments, scenario analysis findings, and internal observations regarding the Company's unique business model were evaluated together, and probability and impact scores for each inventory item were determined by mutual agreement. The aim is for this inventory to serve as the foundation for comparative tracking in future reporting periods.

5.3. The Use of Scenario Analysis in Risk and Opportunity Management

Arval Global uses the IPCC RCP 4.5 scenario for physical risks and, for facility-based physical risk assessments, the SSP 2.6, SSP 4.5, and SSP 8.5 scenarios published by the IPCC under the Shared Socio-Economic Pathways framework for the 2030 and 2050 time horizons.

TEB Arval analyzes climate-related risks and opportunities under two main scenario groups—low-emission and high-emission—to support local risk and opportunity assessments tailored to Turkish conditions by 2025. For both groups, a total of six complementary scenarios published by three different organizations are considered:

RISK MANAGEMENT

RISK MANAGEMENT AND SCENARIO ANALYSIS

TEB Arval prepares its strategic decisions for the future through an integrated approach to climate-related risks, using governance and scenario analysis.

RISK MANAGEMENT APPROACH

RISK IDENTIFICATION
Identification and assessment of climate-related risks

RISK MEASUREMENT AND PRIORITISATION
Strong climate policies, low-carbon transformation and technological development

RISK RESPONSE STRATEGIES
Mitigation, transfer, acceptance or avoidance

MONITORING AND REPORTING
Continuous monitoring, performance tracking and transparent reporting

INTEGRATION
Risk management processes are integrated into business strategy, financial planning and investment decisions.

CLIMATE SCENARIOS USED BY TEB ARVAL

TEB Arval assesses the impacts of climate-related risks and opportunities over the short, medium and long term using six scenarios that reflect the pathways of different climate policies and socioeconomic development.

LOW-EMISSION SCENARIOS	**IPCC**	**RCP 2.6**	Strong climate policies, low-carbon transformation and technological development
	NGFS	**Below 2°C**	Stringent policies, economic transformation and elevated transition risks
	IEA	**NZE** (Net Zero Emissions)	Rapid transformation aligned with the net-zero target and a low-carbon economy
HIGH-EMISSION SCENARIOS	**IPCC**	**RCP 8.5**	Insufficient climate policies, high emissions and increasing physical risks
	NGFS	**Current Policies**	Continuation of current policies, limited transformation and rising risks
	IEA	**CPS** (Current Policies Scenario)	Continuation of current trends, rising energy demand and risks

MAIN IMPACT AREAS CONSIDERED IN THE ANALYSIS

- Vehicle demand and technological transformation
- Second-hand and residual value risks
- Carbon pricing and regulatory changes
- Physical risks (flood, hail, heatwave, water stress, etc.)
- Cost of financing and access to sustainable finance

Low-emission scenarios (RCP 2.6, NGFS Below 2 °C, IEA NZE) represent a future in which global temperature rise is limited in line with the goals of the Paris Climate Agreement through strong climate policies and early action. In these scenarios, transition risks (a tightening regulatory framework, depreciation in the used internal combustion engine vehicle market, and rising financing costs for high-carbon-intensity sectors) are rising significantly.

High-emission scenarios (RCP 8.5, NGFS Current Policies, IEA APS) represent a future where climate policies are insufficient in scope or implementation, greenhouse gas emissions remain high, and global temperature increases could significantly exceed targets by 2100. In these scenarios, both the likelihood and impact of physical risks (such as floods, hailstorms, heatwaves, and water stress) are increasing.

This six-scenario framework enables TEB Arval to assess climate risks and opportunities in the short, medium, and long term across both physical and transition dimensions; it is used to prioritize risks and provide input for risk management processes.

5.3.1. Assessment of the Nature, Likelihood and Severity of Risk Impacts

The Company assesses the impacts of risks using an internal control system based on the 'two lines of defense' principle of the BNP Paribas Group and a 5x5 risk matrix. At the local level, a total score ranging from 1 to 25 is calculated for each risk by multiplying likelihood (1-5) and impact (1-5) scores, and this score is assigned to four priority levels:

TEB Arval Climate Risk Scoring

Risk Score	Priority Level
0 -1	Very Low Priority Risk
2-6	Low Priority Risk
7- 12	Medium Priority Risk
13- 20	High Priority Risk
21- 25	Very High Priority Risk

The positioning of risks and opportunities on the 5x5 matrix is visualized through the Risk Heat Map presented below. The horizontal axis represents the likelihood of occurrence, while the vertical axis represents the impact.

TEB Arval Climate Risk Heat Map

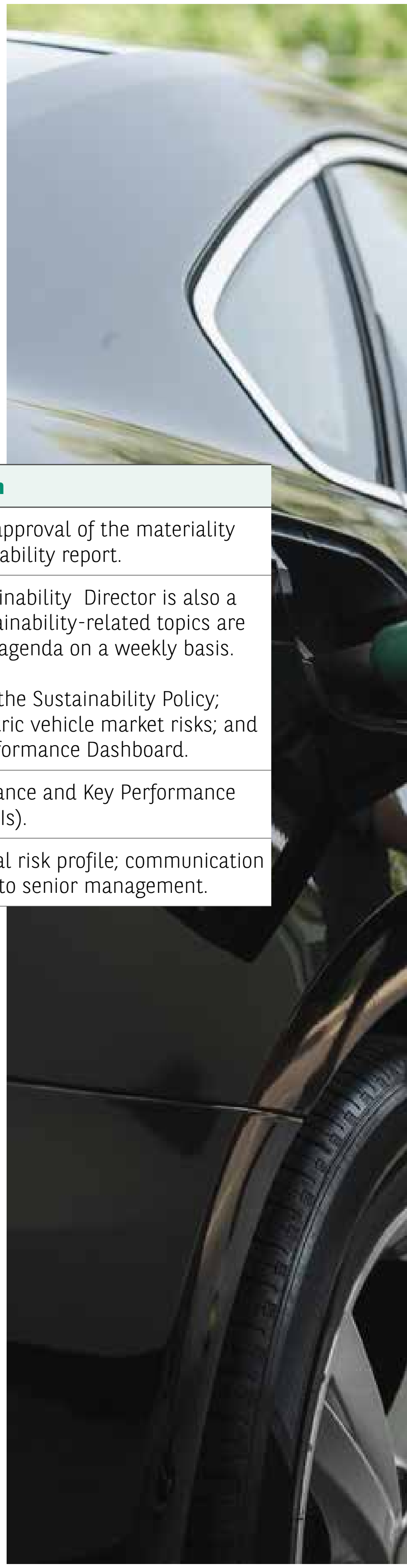
IMPACT					
5 Very High	5	10	15	20	25
4 High	4	8	12	16	20
3 Medium	3	6	9	12	15
2 Low	2	4	6	8	10
1 Very Low	1	2	3	4	5
	1 Very Low	2 Low	3 Medium	4 High	5 Very High
	LIKELIHOOD				

RISK MANAGEMENT

5.4. Prioritization and Monitoring of Climate-Related Risks and Opportunities

TEB Arval evaluates climate-related risks and opportunities by considering both transition-related developments and physical climate risks. Climate-related risks are assessed within the framework of their potential impacts on operations, vehicle fleet, service continuity, residual values, insurance costs, customer payment performance and access to financing. In this context, opportunities are assessed within the framework of expanding its low-carbon vehicle portfolio, financing hybrid and electric vehicles, accessing sustainable financing sources, supporting customers' fleet transformation, and promoting sustainable mobility solutions.

The monitoring of risks is carried out through a multi-layered committee structure and digital monitoring tools. The key components of the monitoring framework are summarized below.



Monitoring Committees

Committee	Frequency	Description
Board of Directors	Twice a year	Strategic oversight of climate risks; approval of the materiality analysis and the sustainability report.
Senior Management	Weekly	Human Resources, Facility and Sustainability Director is also a member of Senior Management. Sustainability-related topics are included in the Senior Management agenda on a weekly basis. The Senior Management monitors the Sustainability Policy; evaluates climate regulations and electric vehicle market risks; and approves the Sustainability Performance Dashboard.
Sustainability Committee	Three times a year	Monitoring of sustainability performance and Key Performance Indicators (KPIs).
Audit Committee	Twice a year	Consolidated oversight of the operational risk profile; communication of alerts and system weaknesses to senior management.

5.5. Process Changes and Initial Implementation Note During the Reporting Period

2025 marks TEB Arval's first reporting year in terms of TSRS-compliant sustainability reporting. This report establishes the baseline period for future comparative disclosures.

In subsequent reporting periods, any significant changes in the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities will be disclosed through updates to inputs used, methodological approaches, scope of scenario analyses, portfolio indicators, and relevant committee and reporting structures.

SECTION 6

METRICS AND TARGETS

METRICS AND TARGETS

6.1. Climate-Related Metrics

TEB Arval regularly monitors Scope 1 and Scope 2 emissions to track progress toward emission reduction targets set by Arval Global. In addition, metrics for **TSRS 2 Appendix Volume 64: Car Rental and Leasing** sector appendix, which includes disclosure requirements for the financial services and mobility sectors, are reported.

6.1.1. Cross-Industry Metrics

6.1.1.1. Greenhouse Gas Emissions

Arval Group's carbon footprint is calculated based on the Greenhouse Gas (GHG) Protocol, a reference standard for GHG accounting. Scope 1 and Scope 2 emissions are calculated using data from 13 countries in which the Arval Group operates and which collectively cover nearly 80% of its employees. The resulting data are extrapolated to estimate emissions for the remainder of the Group.

For TEB Arval, activity data for the 1 January 2025 - 31 December 2025 reporting year were calculated using a proxy approach as part of the Arval Group's data collection process. As part of the calculation, total emissions were extrapolated based on the consumption data of the Turkish legal entities for which data were available. The extrapolated values were then allocated to the legal entities in proportion to their respective numbers of full-time equivalent (FTE) employees.

Scope 1 Emissions

Scope 1 emissions include greenhouse gas emissions from sources under TEB Arval's direct control. Within this scope, Scope 1 emissions include natural gas used for heating, generator fuel consumption and vehicle fuel consumption. Emissions were calculated in tons of CO_2 equivalents using appropriate emission factors based on relevant fuel consumption data.

Stationary combustion emission factors were obtained from the following source:

- **WRI (2015), GHG Protocol Tool for Stationary Combustion, Version 4.1**

For stationary combustion reactions, CO_2, CH_4 and N_2O emissions were assumed to occur and other greenhouse gases were excluded.

Emission factors for mobile combustion and generator fuel consumption are taken from the following source:

- **UK DESNZ, 2025: (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025)**

Scope 2 Emissions

Scope 2 emissions include indirect greenhouse gas emissions resulting from the generation of purchased electricity consumed in TEB Arval's operations. Scope 2.1 emissions include indirect emissions resulting from the consumption of electricity supplied from the grid in office buildings. Scope 2.2 emissions cover energy purchases for heating and cooling purposes where offices do not have their own utility accounts; TEB Arval has no emissions falling under this category.

Country-specific electricity grid emission factors were sourced from:

- **IEA (CO_2 Highlights) 2025 - Données 2023**

2023 emission factors were used to ensure methodological consistency, as the country-specific electricity grid emission factors for 2024 had not been published by the International Energy Agency (IEA) for all countries within the Arval Group at the time of calculation.

Greenhouse Gas Emissions

(ton CO_2e)	2025
Scope 1	74.2
Direct GHG emissions due to combustion of fossil fuels	36.6
Internal Fleet	37.6
Scope 2 - Location Based	193.7
Scope 2 - Market Based	105.5

6.1.1.2. Internal Carbon Pricing

TEB Arval does not use internal carbon pricing in its decision-making processes as of the reporting period.

6.1.1.3. Climate Resilience and Adaptation of Assets

TEB Arval ensures that sustainability goals align with business strategies by regularly monitoring individual and corporate performance indicators established in line with ESG objectives. In this context, the battery electric vehicle (BEV) fleet, the diesel vehicle fleet, the fleet of vehicles under electrification initiatives, fleet CO_2 emissions (based on WLTP values, gCO_2/km), and eco-driving training provided to users are regularly monitored.

Battery Electric Vehicle (BEV) Fleet	2025
Percentage (%)	5.7

Diesel Fleet	2025
Percentage (%)	10

Electrified Fleet*	2025
Percentage (%)	13.1

*Includes battery electric, plug in and full hybrid vehicles within TEB Arval's leased vehicle portfolio.

Fleet CO_2 Emissions	2025
gCO_2/km	120

Eco-Driving Courses	2025
Hours	1,084
Number of Participants	13

These Key Performance Indicators highlight performance in the areas of the transition to low-carbon mobility, and resource efficiency.

6.1.2. Sectoral Metrics

Operational Metrics - Car Rental and Leasing

Operational Metrics	Category	Unit	Code	2025
Average vehicle age	Quantitative	Month	TR-CR-000.A	20
Total available rental duration[2]	Quantitative	Month	TR-CR-000.B	36
Average rental fleet size[3]	Quantitative	Vehicle Number	TR-CR-000.C	18.011

[2]TR-CR-000.B Note - The total number of available rental days represents the number of 24-hour periods, or portions thereof, during which vehicles are made available for rental by the entity throughout the reporting period.

[3]TR-CR-000.C Note - Average rental fleet size is calculated as the simple average of the maximum number of vehicles available for rental each month during the reporting period.

METRICS AND TARGETS

6.2. Climate-Related Targets

TEB Arval's climate-related targets are monitored in alignment with the environmental performance indicators established by BNP Paribas Group and Arval. These targets aim not only to reduce emissions arising from the Company's direct operations, but also to support the reduction of the carbon footprint of customers through the transition of the leasing portfolio towards low-emission vehicles.

At the Group level, the key indicators monitored include the number of battery electric vehicles in the leased fleet, the rate of reduction in the average theoretical tailpipe emissions of vehicles in the Arval fleet compared to January 2020, the share of electric vehicles within the Company's own operational vehicle fleet, annual greenhouse gas emissions per employee, and the proportion of SMART Repair applications within total bodywork repair operations. These indicators are considered key performance metrics for reducing emissions arising from operational activities, improving resource efficiency, and promoting the adoption of circular economy practices.

In its operations in Türkiye, TEB Arval implements practices that support these Group targets. The Company focuses on increasing the share of low-emission vehicles within its customer portfolio, reducing operational energy consumption, and promoting the adoption of sustainable mobility solutions.

Progress towards these targets is regularly monitored through relevant performance indicators and is evaluated within the scope of Arval Group's sustainability reporting processes.

There is no publicly disclosed standalone quantitative greenhouse gas emissions reduction target specific to TEB Arval's Türkiye operations as of the reporting period; however, the targets established at the Group level guide the Company's climate strategy. These targets are not based on carbon credits or offset mechanisms and instead focus on direct emissions reduction through operational improvements, fleet transformation, and low-carbon mobility solutions.

Climate-Related Targets

Target	Metric	Base Year	Target Year	Type	2025	Progress Compared to Base Year	Description
Increase in the number of battery electric vehicles in the leased fleet	Number of battery electric vehicles (BEVs) in the leased fleet (units)	2020	2026	Absolute Quantitative	1,031	The number of electric vehicles in the fleet has increased by more than 100 times.	TEB Arval aims to increase the number of battery electric vehicles in its leased fleet. This target supports the expansion of low-carbon mobility solutions and contributes to the reduction of the carbon footprint of customers.
Electrification of the Company's own operational vehicle fleet	Share of battery electric vehicles within the Company's vehicle fleet (%)	2022	2026	Relative Quantitative	90	The share of battery electric vehicles increased from 25% in 2022 to 90% in 2025.	TEB Arval aims to achieve a fully electrified vehicle fleet for its own operations, with 100% of the fleet consisting of battery electric vehicles.

SECTION 7

APPENDIX

APPENDIX

7.1. Assurance Statement on the TSRS-Compliant Sustainability Report

Deloitte.

CONVENIENCE TRANSLATION INTO ENGLISH OF PRACTITIONER'S LIMITED ASSURANCE REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY INFORMATION PRESENTED BY TEB ARVAL ARAÇ FILO KIRALAMA A.Ş. IN ACCORDANCE WITH TURKISH SUSTAINABILITY REPORTING STANDARDS

To the General Assembly of TEB Arval Araç Filo Kiralama A.Ş.,

We have undertaken a limited assurance engagement on Sustainability Information of TEB Arval Araç Filo Kiralama A.Ş. ("the Company") for the year ended 31 December 2025 in accordance with Turkish Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkish Sustainability Reporting Standards 2 "Climate-Related Disclosures".

Our assurance engagement does not extend to information linked to from the Sustainability Information (including any images, audio files, documents embedded in a website or embedded videos).

Limited Assurance Conclusion

Based on the procedures we have performed as described under the "Summary of the work we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information of the Company for the year ended 31 December 2025, is not prepared, in all material respects, in accordance with Turkish Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated 29 December 2023 and numbered 32414(M).

We do not express an assurance conclusion on information linked to from the Sustainability Information (including any images, audio files, documents embedded in a website or embedded videos).

Inherent Limitations in Preparing the Sustainability Information

Sustainability Information, as disclosed in "Assumptions and Measurement Uncertainties" section on page 5 is subject to inherent uncertainty due to incomplete scientific and economic knowledge. Greenhouse gas emission quantification is subject to inherent uncertainty due to incomplete scientific knowledge. Additionally, the Sustainability Information includes information based on climate-related scenarios that is subject to inherent uncertainty due to incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts.

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Responsibilities of Management and Those Charged with Governance for the Sustainability Information

The Company Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Turkish Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;
- In addition, the Company Management is responsible for the selection and implementation of appropriate sustainability reporting methods, as well as making reasonable assumptions and estimates that are appropriate in the circumstances.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Practitioner's Responsibilities for the Limited Assurance on Sustainability Information

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained and informing the Company management of the conclusion we have reached.
- Performing risk assessment procedures to obtain an understanding of the Company's internal control structure and to identify and assess the risks of material misstatement of sustainability information, whether due to fraud or error, but not for the purpose of expressing an assurance conclusion on the effectiveness of the Company's internal control.
- Designing and implementing procedures to identify and address areas of the Sustainability Information that may contain material misstatements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

APPENDIX

Deloitte.

Misstatements may arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of Sustainability Information.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information in order to ensure that our independence is not compromised.

Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information and, in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with the Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements, issued by POA.

Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors (Including Independence Standards) ("Code of Ethics") issued by the POA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk experts. We used the work of experts to assess the reliability of the information and assumptions related to the Company's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Deloitte.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information, we:

- Conducted inquiries with the Company's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period;
- Used the Company's internal documentation to assess and review sustainability-related information;
- Evaluated the disclosure and presentation of sustainability-related information.
- Through inquiries, obtained an understanding of Company's control environment, processes and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether Company's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Company's estimates.
- Obtained understanding of process for identifying risks and opportunities that are financially significant, along with the Company's sustainability reporting process.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion (cont'd)

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Sunay Anıktar, SMMM Partner
İstanbul, 28 August 2026

APPENDIX

7.2. Contact

TEB Arval Araç Filo Kiralama A.Ş. was established in Türkiye on 5 February 2007 to operate in the field of vehicle fleet leasing services.

Registered with the Istanbul Chamber of Commerce, TEB Arval's trade registry number is 614655.

Design and implementation

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